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I. Introduction

1. The Executive Board, in its decision 2007/32, endorsed the UNDP strategic plan, 2008-2011, as amended and augmented by that decision and by decision 2008/15. The Board stressed that the strategic plan was a 'living' document that would be regularly reviewed by the Executive Board during the plan period and requesting: (a) inclusion, in the Administrator's report to the annual sessions 2008 and 2009, of reports on the operationalization of the strategic plan; and (b) submission of a comprehensive report on performance and results to the annual session 2010, and a midterm review of the strategic plan to the same session.

2. The present report provides the Executive Board with an update on the operationalization of the strategic plan. It also outlines proposals for providing the Executive Board with a comprehensive report on performance and results and a midterm review at the annual session in 2010.

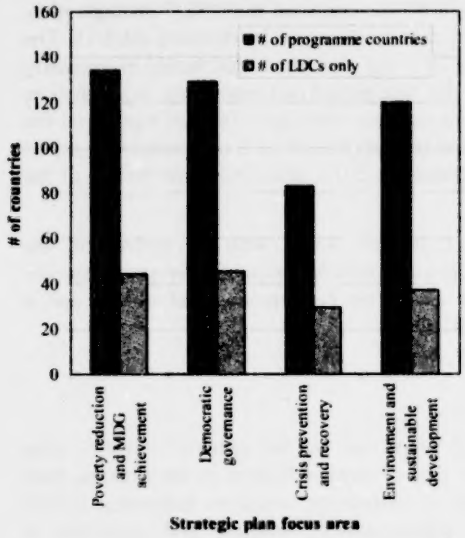
II. Overview

3. The purpose of this document is to report on: (a) the status of strategic plan commitments, including baselines for the first of three indicators in the strategic plan development results framework, "number of programme countries requesting UNDP support for each of the outcomes"; (b) adjustments of priorities and operations in response to events or lessons learned; and (c) priority actions needed to meet those commitments. The report also updates the status of the institutional results outlined in the strategic plan.

4. UNDP will submit to the annual session 2010 the requested report on performance and results and midterm review of the strategic plan. That report will analyse performance at the mid-point of the strategic plan period and measure the degree to which the UNDP project portfolio is aligned with the outcomes it supports. Evaluative and other independent sources will be used to verify and validate self-reported performance data. Please refer to the methodological note in annex 1 for a detailed explanation of how UNDP intends to report on those indicators this year and in 2010.

5. The distribution of UNDP support across the four focus areas is illustrated in figure 1. A detailed breakdown of the number of countries requesting and receiving UNDP support, by strategic plan outcome, is presented in annex 1, table 1 (available on the Executive Board web page).

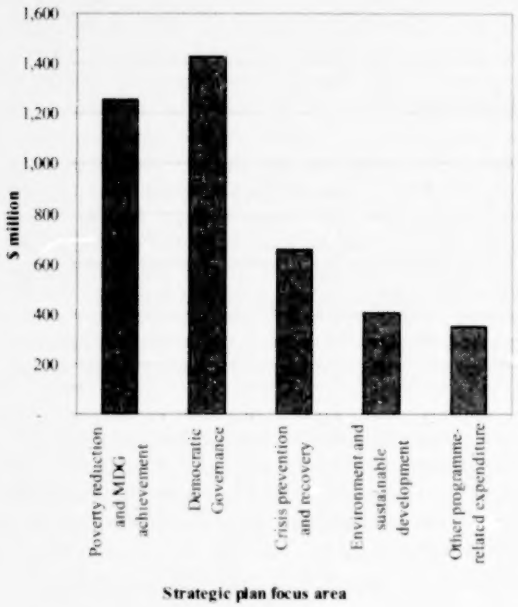
Figure 1: Number of programme countries requesting and receiving UNDP support in 2008, by focus area



6. While categorization of expenditure against a single focus area facilitates reporting, support for poverty reduction and achievement of the Millennium Development Goals (MDGs), for example, is reported by country offices in at least three focus areas. Two outcomes under democratic governance and crisis prevention and recovery ("national, regional and local levels of governance expand their capacities to reduce conflict and manage the equitable delivery of public services" for $799 million, and "post-crisis socio-economic infrastructure restored, employment generated, economy revived; affected groups returned/reintegrated" for $301 million, respectively) account for more than $1.1 billion in expenditure with direct relevance to poverty reduction and MDG achievement, together representing more than one quarter of total programme expenditure.

7 An overview of programme expenditure by focus area is provided in figure 2 (with more detailed breakdown by outcome presented in annex 2, table 1). "Other programme related expenditure" includes global, regional, and country programme expenditure not linked to the strategic plan development results framework, as well as resources for development support services, evaluation, the Human Development Report Office, South-South cooperation, the Office of Development Studies, the economist programme, and special initiatives.

Figure 2: Provisional 2008 programme expenditure distribution (in millions of dollars)



8. Poverty reduction and MDG achievement accounts for the largest number of countries (134, including 44 least developed countries) requesting and receiving UNDP support in 2008. Total expenditure in this focus area amounted to $1.26 billion, or 31 per cent of total programme country expenditure. The two outcomes receiving the most support within the focus area in 2008 were "MDG-based national development strategies promote growth and employment, and reduce economic, gender and social inequalities" and "enhanced national and local capacities to plan, monitor, report and evaluate the MDGs and related national development priorities, including within resource frameworks", with 74 and 61 countries supported and expenditures of $378 million and $196 million, respectively.

9. Support for democratic governance outcomes accounted for $1.43 billion, or 35 per cent of total programme expenditure (129 countries, including 45 least developed countries). Most support was directed towards strengthening the capacity of national, regional and local levels of governance to reduce conflict and manage the equitable delivery of public services, which, at $799 million, accounted for more than half of expenditure for the focus area, spread across 89 programme countries.

10. UNDP supported crisis prevention and recovery in 83 countries including 29 least developed countries, spending $657 million, or 15 per cent of total programme expenditure. Almost half was spent on restoring post-crisis socio-economic infrastructure, generating employment, reviving the economy and the return or reintegration of affected groups (19 countries, for $301 million). The area with the broadest support across regions was disaster risk reduction, where 37 countries were supported with $87 million to strengthen national capacities to prevent, reduce, mitigate and cope with the impact of systemic shocks from natural hazards.

11. Programme expenditure of $403 million for results in environment and sustainable development accounted for another 10 per cent of the total (120 countries, including 37 least developed countries). Strengthening national capacities to mainstream environment and energy concerns into national development plans and implementation systems was the outcome with greatest country demand (96 countries, for $264 million).

III. Global development challenges

12. A cascading set of global crises – escalating food and fuel prices, the growing impact of climate change, financial instability, and economic recession – created worldwide social and economic distress in 2008. The crises strained fragile coping mechanisms in developing societies, increased social and economic tensions, and threatened prospects for stable and sustainable development for the most vulnerable. The unrelenting impact of HIV/AIDS further diminished capacities to respond.

13. Violent conflict reversed hard-fought gains. In some cases, security conditions worsened, delaying development efforts and placing additional pressure on personnel and national counterparts.

14. At the midway point of the MDGs, financing for development has reached the top of the development agenda. In the present climate of crisis, innovative ways of mobilizing resources will be required to sustain and scale up efforts to achieve the MDGs. In addition, substantial resources will be required to assist developing countries with climate change mitigation and adaptation.

15. Despite the challenges, the shared set of values provided by the Millennium Declaration and other summits remains highly relevant. Those values and goals will serve as the principal reference point for identifying the opportunities provided by the current crises to address obstacles to human development. We, therefore, recommit to ensuring that our policy advice, technical support, advocacy, and contributions to strengthening coherence will focus on one end result: real improvements in people's lives and the choices and opportunities open to them.

IV. Operationalizing the strategic plan: achievements, challenges and priority actions

A. Capacity-building and development: the overarching contribution of UNDP

16. The strategic plan positions capacity development as the overarching service provided by UNDP to programme countries. Demand increased in 2008, particularly for: (a) mainstreaming capacity development into programmes and projects; (b) designing thematic, sector and national capacity development plans; and (c) provision of collective approaches to capacity development by the United Nations development system.

17. UNDP responded to requests to facilitate capacity assessments and diagnostics in 65 programme countries. Assessments were conducted on issues from local-level assessments by municipalities in the Europe and the Commonwealth of Independent States region to an assessment of national implementation capacities in Malawi. A number of countries requested support for capacity development plans as part of their

broader national strategies, such as the 10-year national capacity development strategy and action plan of the Government of Liberia.

18. UNDP helped shape a joint United Nations approach to capacity development, with the design of materials to help United Nations country teams to integrate capacity development into frameworks and programmes and by facilitating inter-agency learning on capacity development. United Nations Development Assistance Frameworks (UNDAFs) reflected a more rigorous approach to capacity development, a more systematic assessment of capacities and a capacity-oriented results framework and monitoring process. Coherent and cohesive engagement by the UNDG around the 2007 TCPR and 2008 Accra and Doha processes also reflected an increasingly collective approach to capacity development and aid effectiveness.

19. Recent assessments of development results in Benin and Rwanda state that the UNDP approach to capacity development is increasingly rigorous and systematic. However, more needs to be done to: (a) integrate sustainable exits or transition strategies; (b) take a more systematic and comprehensive approach; and (c) develop indicators to allow for assessment of results (UNDP Evaluation Office, 2008).

20. Looking forward, UNDP will improve the quality of its services and focus its efforts on helping programme countries to scale up and sustain capacity development, to adapt and respond to global crises and deliver on human development. We will offer quality assurance criteria for capacity assessments, instruments for programming for capacity development, and tools to measure the success of our efforts. To mainstream capacity development across all focus areas, corporate standards for supporting capacity development will be applied, particularly to programmes concerning environmental sustainability, climate change and poverty, disaster risk reduction and crisis recovery, and economic integration.

21. UNDP will use more robust knowledge platforms and communities of practice and, increasingly, partner with regional and national institutions to carry out assessments and provide policy advice and programme support for capacity development responses. Under a new corporate knowledge strategy, UNDP will launch an integrated 'extranet', to extend UNDP practice networks and knowledge resources to outside partners and clients.

22. UNDP will contribute to the global and local knowledge-base on capacity development with learning events for development experts, thinkers and practitioners to explore policy and investment decisions that can scale up and sustain capacity development.

23. UNDP, with the United Nations system and other partners, will foster change-management skills for institutional transformation, paying special attention to the management of crises affecting economic and social sector development.

24. UNDP will deepen partnerships with the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD), the World Bank, the Asia Development Bank, the United Nations University and other centres of excellence, to ensure that the organization can respond to the growing demand for capacity development services. The facilitation of South-South solutions and exchange of good practices in capacity development across practice areas will help achieve economies of scale and promote sustainability while maintaining high-quality services.

B. Gender equality and the empowerment of women

25. Despite some gains, gender inequalities persist all over the world. Women's unemployment is increasing. Disasters and violent conflict affect women and children disproportionately, increasing economic and social burdens. The prevalence of gender-based violence across societies has an impact on social cohesion and economic life. Those challenges are likely to be further compounded by the global economic crisis, and widening social and economic gaps. Progress towards the MDGs, especially goal 3, may be delayed as a result.

26. With other United Nations organizations, UNDP has embarked on an ambitious programme to integrate gender equality throughout its work to ensure that countries are supported in reducing gender inequality and improving the lives of women. The launch of the gender equality strategy, 2008-2011, has generated commitment to gender equality across all focus areas, with contributions to gender equality outcomes reported in 94 programme countries.

27. Poverty reduction and MDG achievement is the focus area where the most reported outcomes contribute to gender equality. UNDP provided advice to bring a gender dimension to policymaking, especially as it relates to the financial crisis. With UNDP support, governments of 22 African countries have adopted and incorporated gender needs assessments as planning and costing tools.

28. In democratic governance, UNDP supported efforts to increase women's numbers in legislatures and build legal and judicial institutions to increase women's security and adjudicate cases of gender-based violence. In Latin America, UNDP partnered with the private sector, civil society, mass media and government on innovative approaches to address gender-based violence.

29. By providing dedicated resources for women's empowerment, deploying experienced gender advisors and adopting performance incentives, attention and resources have been focused on integrating women's needs into UNDP crisis prevention and recovery operations.

30. UNDP worked with the United Nations Environment Programme (UNEP), the International Union for Conservation of Nature and the Women's Environment and Development Organization to create the 'Global Gender Climate Change Alliance' to help ensure that climate change policies and financing mechanisms address the needs of poor women and men equitably. The environment and sustainable development focus area, however, showed the least evidence of gender mainstreaming, with 23 programme countries reporting gender results in 2008.

31. UNDP will focus its efforts on accelerating progress towards the MDGs, especially goal 3, as countries adjust to and recover from crises. We will help build a critical mass of economic policymakers and practitioners, in Africa and elsewhere, with the skill to analyse and address gender bias in economic policies and budgets. We will improve our support to strengthening women's political participation and will provide governments with knowledge and tools for integrating gender equality concerns into climate change mitigation and adaptation efforts.

C. South-South cooperation

32. Reporting on the use of South-South cooperation increased across all practice areas over the reporting period. This included provision of technical assistance by Southern experts, peer learning, and training at Southern centres of excellence,

particularly in the areas of electoral reform; gender mainstreaming; combating HIV/AIDS; the environment; and aid effectiveness.

33. South-South cooperation guidance in United Nations programming was improved, and the Web of Information for Development (WIDE), the South-South knowledge-sharing platform was strengthened. The Special Unit for South-South Cooperation strengthened its collaboration with the Tokyo International Conference on African Development, in preparation for the fifth Africa-Asia Business Forum, to take place in Uganda in 2009, focusing on the tourism industry. The 'Global South-South Development Expo' showcased more than 60 best practices and new platforms for South-South Cooperation, including the 'South-South Global Asset and Technology Exchange'.

34. Frameworks will be prepared to enhance the use of South-South Cooperation in responding to the challenges of food security, climate change and HIV/AIDS, in collaboration with the High-level Task Force on Food Security, the High-level Task Force on Climate Change, the Chief Executives Board, Joint United Nations Programme on HIV/AIDS (UNAIDS), and the World Health Organization. An e-learning module will mainstream the use of South-South cooperation throughout all UNDP programmes. The Special Unit will expand its expert rosters and strengthen linkages between WIDE and the UNDP knowledge management platform.

D. Poverty eradication and achievement of internationally agreed development goals, including the MDGs

35. During 2008, several countries – Ghana, Malawi, Niger, Senegal, Tanzania, Togo, Uganda and Zambia – began implementing national-scale MDG programmes. Many focused on private sector development and employment creation, including for African youth, and often in close collaboration with the United Nations Capital Development Fund. In Latin America, efforts focused reducing economic and social inequalities. UNDP contributed to the development of tools and analysis for monitoring MDG achievements – notably in Madagascar, Pakistan and Uganda – and partnered with United Nations regional commissions, governments, and civil society organizations to improve MDG monitoring and reporting.

36. UNDP helped build momentum for the MDGs by supporting initiatives such as the Secretary General's MDG Africa Steering and Working Groups, the 2008 MDG Gap Task Force report, the United Nations high-level event on the MDGs and the United Nations High-Level Meeting on Africa's Development Needs. In collaboration with the African Development Bank, the International Monetary Fund (IMF) and the World Bank, UNDP helped develop the 'Gleneagles scenarios' for scaled-up development assistance for the MDGs in Africa.

37. To enhance policy dialogue, UNDP, with Earthscan and Revenue Watch, published *Fiscal Space: Policy Options for Human Development*, systematizing experiences with pro-poor fiscal reform. The first report of the UNDP 'Growing Inclusive Markets' initiative, *Creating Value for All: Strategies for Doing Business with the Poor*, showcased examples of success with revenue and social impact by local and international companies.

38. UNDP contributed to macroeconomic policies, debt sustainability frameworks, and public financing strategies to promote inclusive growth in 10 countries in Africa, the Arab States, Eastern Europe and Latin America, and published *Policy Options for Human Development: Fiscal Space*, which systematized knowledge from work on pro-

poor fiscal reform in 15 countries.

39. UNDP collaborated with the World Bank, IMF, and the International Trade Centre of the the United Nations Conference on Trade and Development and the World Trade Organization on the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries in 40 countries.

40. UNDP supported programme country preparations and participation in the Accra High-Level Forum on Aid Effectiveness. The Accra Agenda for Action emphasized the importance of the MDGs and endorsed the role of the United Nations in capacity development, in line with the 2007 triennial comprehensive policy review. The collaborative approach of UNDG to Accra and the Doha Conference on Financing for Development serves as a model for similar processes.

41. Support for HIV/AIDS response focused on strengthening the coordination of national efforts, capacity development, and decentralized AIDS responses. UNDP helped national partners to integrate gender analysis into AIDS responses, particularly in Africa, where 60 per cent of people living with HIV are women. UNAIDS designated UNDP the lead agency for men who have sex with men and for transgender persons, and is collaborating closely with UNAIDS partners in developing a global action framework on HIV among those populations. In the context of The Global Fund to fight AIDS, Tuberculosis and Malaria, UNDP managed grants in 27 countries, resulting in the provision of antiretroviral treatment to 57,000 people living with HIV; anti-malaria treatment for over 9 million people; and the detection and treatment of 263,719 cases of tuberculosis.

42. In 2008, increasing food prices, turmoil in financial markets, economic downturns and climate change have each had a particular impact on the poor. Those events have long term implications for the global agenda to reduce poverty and promote human development, and bring the risk of reversing the gains achieved towards the MDGs. Development finance is likely to come under pressure, as will the potential for trade to deliver benefits for developing, especially low-income, countries. Working with its global partners, UNDP will strive to respond quickly and effectively to build national capacities to manage crises and address longer term implications, through initiatives to:

(a) Assess the impact of the crises on growth and human development and build capacity to monitor vulnerability over time;

(b) Provide countries with policy options for combining strategies for short-term growth and poverty reduction with longer-term efforts to build resilience to volatility in the world economy;

(c) Strengthen national capacities to attract and manage domestic and external resources, both public and private, with priority to South-South solutions;

(d) Develop and implement fully-funded MDG-based national development strategies, addressing bottlenecks, scaling-up proven MDG interventions, and building on UNDP experience in local development to prioritize the needs of the most vulnerable.

43. In collaboration with other partners UNDP will intensify efforts in the countries worst affected by HIV/AIDS, pay increased attention to food security and support the implementation of the Comprehensive Framework for Action. As a UNAIDS co-sponsor, UNDP supports country efforts to address the developmental causes and consequences of HIV and to promote governance, gender-equality and rights-based approaches in AIDS initiatives.

44. Finally, the 20th anniversary of the launch of the UNDP Human Development Report, and the 10-year review of the Millennium Declaration and the MDGs, in 2010 will provide opportunities to take stock and to launch initiatives to advance human development around the world.

E. Democratic governance

45. Institutional capacity strengthening lies at the heart of our democratic governance work. With activities in 89 programme countries, UNDP support to public administration reform seeks to build capacities to address development challenges at national and local levels. UNDP supports the work of national parliaments in over 50 programme countries, including through an initiative to enhance parliamentary oversight of human security in post-conflict countries.

46. One of the most significant developments is the increased demand from programme countries for strengthening the electoral cycle as a whole, addressing longer-term institutional capacities and processes, beyond the immediate needs of election day. This was exemplified in 2008 in Bangladesh, where, with support from donors and UNDP, the Bangladesh Electoral Commission trained 500,000 persons, who in turn registered 81 million voters, nearly 51 percent of them female. Globally, UNDP directly supported 19 electoral processes, while 22 countries have sought support in 2009.

47. South-South cooperation is increasingly relevant. For example, the 'ACE' (administration and costs for elections) Electoral Knowledge Network allows institutions from the South, regardless of region, to pose questions and challenges to peers in contexts similar to their own.

48. Country demand for inclusive participation initiatives has grown, particularly to enhance engagement in public policy dialogue and foster participatory decision-making at the local level. Many initiatives have focused on strengthening youth participation in development, in cooperation with the United Nations Volunteers programme. Access to information, which UNDP directly supported in 12 countries, is being mainstreamed into more traditional areas such as local governance and public administration reform.

49. The report *Making the Law Work for Everyone*, which contends that four billion people – the majority of the world's population – are excluded from the rule of law, was launched by the Commission on Legal Empowerment of the Poor in 2008. UNDP hosted the Commission and, in collaboration with United Nations organizations, governments and other stakeholders, following up on several of the recommendations in the report.

50. In 2008 country offices reported on mainstreaming human rights and other international principles into democratic governance based on demand in 76 programme countries. This included strengthening national human rights institutions, mainstreaming human rights into development programming, and addressing the needs of the most vulnerable.

51. Within the framework of the United Nations Convention against Corruption, UNDP supported 12 programme countries with anti-corruption initiatives and provided technical advice on anti-corruption for broader institutional strengthening programmes.

52. The impact of the emerging crises on democratic institutions in developing countries will be significant and varied. The role of the State in delivering basic services, regulating markets and transactions, and ensuring equity, will remain vital.

UNDP will seek to play a more effective role in responding to capacity gaps and strengthening the accountability of local governments and providers for basic service delivery for the poorest, especially women.

53. UNDP will respond to requests for more holistic approaches to strengthening democratic governance in which strengthened participation, accountable and responsive institutions, and democratic governance grounded in international principles are complementary aims. UNDP will improve its support to democratic governance programmes that include increased attention to the needs of countries affected by crisis, to ensure that governance, social, and economic concerns are addressed comprehensively.

F. Crisis prevention and recovery

54. At any given time, crisis affects between 45 and 60 per cent of the countries where UNDP works. UNDP seeks to help those countries develop capacities for preventing and mitigating the effects of crisis, elaborate strategic options for addressing longer-term implications, and promote recovery.

55. As of end 2008, certain trends can be discerned: (a) a high number of countries demand services that support national disaster risk and conflict management capabilities; (b) programmes for employment- and livelihood-generation in post-crisis settings represent the bulk of expenditures; and (c) while no country results were reported against outcomes dealing with early post-crisis resumption of local governance functions or promoting gender equality and women's empowerment, reporting against other outcomes indicates that many countries are being supported in those areas. UNDP is supporting 11 countries in addressing gender-based violence, opening livelihoods opportunities for conflict-affected women in Timor-Leste, and supporting women's participation in the constitutional process in Somalia. UNDP supported the post-crisis recovery of local government capacities in Burundi, Sri Lanka, Sudan and Uganda.

56. Increasing societal exposure to geo-physical hazards and climate change is driving a global increase in disaster frequency and economic losses. Disaster risk reduction is the largest area of demand, with activities in 37 countries, and includes support to institutional strengthening, legislative arrangements, and increasing resilience to risk through multi-stakeholder processes. At the local level it includes support to community-based disaster risk reduction programmes, strengthening of local early warning systems, and urban disaster risk management. UNDP promotes an integrated approach – addressing short, medium and long-term timelines – to manage climate risks.

57. The increasing incidence and changing patterns of natural disasters tends to divert resources from risk reduction to response and recovery. In high-risk areas, support for institutional and legislative arrangements and long-term capacity development must be complemented by investment in concrete risk reduction measures. Policy interventions at the national level must translate into a reduction in losses locally. Investment in local-level systems to reduce exposure and vulnerability to natural hazards is underfunded, while demand is expected to increase.

58. Mobilizing for early recovery after a crisis requires actors on the ground to move quickly beyond the urgent life-saving focus of humanitarian aid into building the foundations for longer-term recovery. In 2008, UNDP strengthened its support for early recovery, including earlier recovery action at the inter-agency level. Based on demand, UNDP established early recovery coordination mechanisms in 28 programme countries, deployed early recovery advisers to 20 countries, and supported needs assessments and

strategic frameworks in 10 countries. A key aim was strengthening post-crisis governance by reinforcing government capacity at national and local levels to manage early recovery and plan effectively for full recovery. Nonetheless, obstacles remain in the way of mobilizing rapid and predictable resources and accelerating the release of financial and human resources to meet the urgencies inherent in early recovery settings.

59. In 2008, demand increased for developing capacities to manage potentially violent tensions. Most frequent were requests concerning land and natural resource management and security at the community level, with assistance provided for enhanced social cohesion, inter-ethnic or inter-community relations and management of rapid social and economic change. UNDP and its partners support the development of capacities for collaborative response so that solutions to emerging crises are identified on the basis of consensus, and potentially violent tension is mediated through local institutions and processes, including support to strengthening the role of women in such processes.

60. UNDP works with a range of partners and is increasingly promoting South-South solutions. United Nations organizations and the World Bank concluded a partnership framework with measures to strengthen joint support to post-crisis needs assessments and to facilitate joint action, including on financing mechanisms. UNDP worked with the Peacebuilding Commission on the new UNDP-International Labour Organization-led United Nations policy on employment and reintegration and with the Peacebuilding Support Office on several issues, including as recipient from the Peacebuilding Fund in 11 countries. UNDP collaborated with the Department of Peacekeeping Operations and the Department of Political Affairs on the integrated mission planning process in many countries. In Somalia, the Transitional Federal Government was assisted with a more integrated United Nations strategy, allowing for coordinated action on political, security, recovery and development issues.

61. To enhance support in response to demand from nine programme countries, UNDP launched a global initiative on strengthening the rule of law in conflict and post-conflict situations. It supported efforts to foster post-crisis community security and social cohesion, building capacities for mine action, reducing the availability of small arms, and supporting the return and reintegration of conflict-affected individuals and groups.

62. Reintegration programmes highlight the critical contribution of employment and income generation to peacebuilding and the importance of providing 'peace dividends' to communities affected by conflict. While support to livelihoods and employment represented the bulk of expenditures, UNDP must respond earlier and more effectively to demand for employment generation in post-conflict settings, especially for youth.

63. Capturing women's contributions to peace remains a particular challenge in crisis and post-crisis settings. UNDP works with the United Nations Development Fund for Women, UNFPA, the United Nations Children's Fund and others, and will support inter-agency action and common United Nations gender strategies at the country level to move from ad hoc gender interventions to strategic, systematic ones. Sustained funding for gender-related activities in crisis settings remains a challenge.

G. Environment and sustainable development

64. The global economic crisis threatens to push environmental concerns from the development agenda. However, these concerns are more urgent than ever as the world grapples with the need to transform economies and sees an opportunity to embark on a 'greener' path to development.

65. Unfortunately, the window for action is closing. The Human Development Report 2007-2008 estimates that stabilizing greenhouse gas concentrations in the atmosphere at a level to prevent catastrophic climate change will entail a 50 percent reduction in greenhouse gas emissions from 1990 levels by 2050. More 'business-as-usual' could lock the world into irreversible, catastrophic climate transformations, with human and environmental consequences for centuries to come.

66. UNDP seeks, through its new climate change strategy, to focus the attention of the development community on these issues and help countries develop public policies and partnerships that will leverage substantial resources, transform markets and drive investment towards lower carbon and climate-resilient initiatives. .

67. In 2008 UNDP mobilized more than $500 million in grant resources and more than $1 billion in related co-financing through the Global Environment Facility (GEF), Multilateral Fund of the Montreal Protocol, and other initiatives.

68. An evaluation of the role and contribution of UNDP in environment and energy undertaken in 2007-2008 concluded that "environment and energy are central to the mission of UNDP" (UNDP Evaluation Office, 2008). The evaluation recommended that UNDP expand its financial base beyond the global trust funds, mainstream environmental concerns into its own programming, further strengthen the capacities of country offices, and build on its central role within the United Nations development system to promote environmentally sustainable development.

69. In the area of environmental mainstreaming, the common objective of the biodiversity, water, climate, land, chemicals and energy portfolios is to integrate environmental concerns into national planning processes. For example, the $2 billion UNDP portfolio of biodiversity conservation programmes, supported by GEF, focuses on unleashing the economic potential of protected areas. The UNDP-UNEP Poverty and Environment Initiative makes the case for mainstreaming environment into development planning and is expanding its initial focus on Africa to Asia, Latin America, and Europe and the Commonwealth of Independent States.

70. The private sector invested $150 billion in clean energy in 2008, but most of those investments were limited to OECD countries. UNDP is assisting programme countries in removing barriers and finding new sources of environmental financing through facilities such as the MDG Carbon Facility, a 'one-stop shop' to mobilize private-sector financing for developing countries through global carbon markets. The Facility screened 160 projects in 31 countries in 2008, and agreements are under way that could result in capital flows of hundreds of millions of dollars.

71. With UNEP and the Food and Agriculture Organization, and with support from the Government of Norway, UNDP launched the Collaborative Programme on Reducing Emissions from Deforestation and Degradation, known as UN-REDD, valued at over $50 million. UNDP leads consultations for UN-REDD on rights, payment schemes, and benefit-sharing mechanisms with local and indigenous communities.

72. With support from Japan, UNDP designed a $92 million programme to integrate climate change issues into national development processes in 21 countries in Africa. This will be coordinated with programmes funded under the GEF Least Developed Countries and Special Climate Change funds. UNDP is supporting the participation of programme countries and civil society organizations in the negotiations leading up to the next Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Copenhagen in 2009.

73. The GEF Small Grants Programme expanded its portfolio and secured additional funding for activities that support community-based adaptation to climate change. With 300 projects in 60 countries, UNDP helped expand local access to energy services for over half a million people. The Community Water Initiative implemented projects in support of local governance systems, improving the livelihoods of nearly 70,000 people.

74. UNDP will expand and accelerate advocacy for environmentally sustainable development as an integral aspect of addressing the deepening financial crises by assisting countries in identifying and implementing initiatives that support both short-term economic recovery and long-term economic growth. UNDP will do more to demonstrate the economic benefits of integrating environmental issues into national development processes.

75. In partnership with UNEP, UNDP will launch a $70 million initiative to train up to 500 local authorities on climate-change risks and opportunities and help prepare integrated territorial climate plans. The UN-REDD programme will pilot and expand 'quick start' activities in nine forested developing countries. UNDP will ensure that at least 35 new climate change adaptation initiatives in Africa are up and running in the lead-up to the Copenhagen conference. UNDP will scale up its support for expanded delivery of local services in the areas of energy, water, land, biodiversity and ecosystem services and community-based adaptation to climate change.

V. Coordination results – achievements, challenges and priority actions

76. Efforts in 2008 towards a more effective and efficient United Nations development system were underpinned by General Assembly resolutions 59/250 and 62/208 and by decisions 2007/32 and 2008/15 of the Executive Board, underscoring that reform efforts are geared to achieving concrete development results in line with national development strategies. UNDP stated in the strategic plan that, as manager of the resident coordinator system, its approach would be to promote the ownership of that system by the United Nations development system as a whole, with distinctive internal arrangements in place to ensure that the resident coordinator system remain participatory, collegial and accountable. Against that background, the strategic plan reflects a more explicit, transparent coordination role for UNDP, permitting it to respond more effectively to the development priorities of programme countries. This will include quantifiable, credible, and effective measures for eliminating conflict-of-interest issues.

77. UNDG endorsed the 'management and accountability framework of the United Nations development and resident coordinator system, including the functional firewall of the resident coordinator system'. The framework responds to the commitment in the strategic plan to ensure that distinctive internal arrangements are in place to ensure clarity between the UNDP role relating to its specific functions and those performed on behalf of, and in support of, the United Nations development system. The framework reconfirms the role of UNDP as manager of the resident coordinator system while incorporating the concept of the functional 'firewall' articulated in the strategic plan, whereby UNDP manages the resident coordinator system, while governance and oversight are provided by the United Nations system as a whole.

78. Building on that understanding, a longer-term vision has been agreed upon that

will guide the further development of the system. The framework refers to an empowered resident coordinator at the country level. All country representatives of the United Nations system would report to the resident coordinator on matters related to the workings of the United Nations country team and implementation of country programming and strategy to ensure coherent, effective alignment with national priorities and development plans. The framework envisages a clear division of labour and accountabilities between the resident coordinator/resident representative and the country direction function whereby the resident coordinator focuses on the strategic positioning of the United Nations country team, while the UNDP resident representative focuses on overall guidance of UNDP, with the country director managing day-to-day programme and operations. UNDG subsequently endorsed an 'implementation plan for the management and accountability system', which operationalizes the Framework by defining outputs, responsible parties, and suggested timelines for UNDG organizations to fulfil the commitments and responsibilities outlined in the framework.

79. UNDP and its UNDG partners undertook additional actions to strengthen the management and accountability of the resident coordinator system, including endorsement of a 'guidance note on resident coordinator and United Nations country team working relations' and a United Nations country team dispute resolution mechanism. Both respond to the triennial comprehensive policy review as well as to strategic plan commitments to ensure the central role of the resident coordinator in the coordination of United Nations operational activities for development, for a more effective response to national development priorities.

80. Work has progressed on demarcating roles, responsibilities, and accountabilities for resident coordinators and country directors. UNDP committed in its strategic plan to train and put in place 50 country directors from its core budget by the end of 2009; as of December 2008, all positions had been established and 48 filled.

81. With UNDG, we have worked to revise the resident coordinator selection and appointment procedures to increase the percentage of non-UNDP originating resident coordinators and ensure that gender and geographical balances are taken into account. As of March 2009, 41 out of 130 resident coordinator posts – 32 per cent – were held by women (compared with 22 per cent in 2004). Sixty-four posts – 49 per cent – were held by resident coordinators from the South (compared with 42 per cent in 2004). Forty-three posts – 33 per cent – were held by resident coordinators not originally from UNDP (compared with 27 per cent in 2004). The UNDG working group on resident coordinator issues is undertaking additional efforts to identify and attract qualified candidates with requisite experience and competencies from across the United Nations system to undergo the resident coordinator assessment, especially candidates not originating from UNDP, women, and candidates from the South.

82. UNDG has worked to ensure that the regional directors teams are engaged in implementing a common appraisal system of resident coordinators that will be monitored by an independent mechanism to ensure the integrity of the appraisal process. Resident coordinator ratings are established by consensus in the regional directors teams, taking into account a 180-degree assessment at the United Nations country team level; feedback on individual and team leadership competencies is provided to resident coordinators, agency representatives, and supervisors. The assessment enables the country team members to provide comments on the performance of the resident coordinator for consideration during the performance appraisal process. Performance ratings are also taken into account in Inter-Agency Advisory Panel discussions on the appointment of resident coordinators to new posts.

83. UNDP has worked in UNDG to ensure that the UNDAF can facilitate efficient and effective development planning by the United Nations country team and alignment with national development priorities. Building on the stocktaking reports of the eight 'delivering as one' pilots, UNDP and its UNDG partners worked to bring the lessons emerging from the 'delivering as one' experience to other programme countries seeking a more coherent United Nations better aligned with national development plans and priorities. We contributed to UNDG efforts to strengthen common programming instruments, including a results-based management plan, a change management 'toolkit', and updated United Nations programming guidelines to reflect the triennial comprehensive policy review and strengthen monitoring and evaluation. A challenge will be to ensure that the principles of the triennial comprehensive policy review and lessons learned are adopted by the 90 countries embarking on new UNDAFs between 2009 and 2011.

84. In support of system-wide coherence, UNDP continued in 2008 to administer and mobilize resources on behalf of the United Nations. Through the Multi-Donor Trust Fund Office, UNDP administers a portfolio of $3.79 billion of 23 multi-donor trust funds and joint programmes. This includes 'one funds' in the eight 'delivering as one' pilots. In line with the management and accountability framework, the relevant reporting lines for the Multi-Donor Trust Fund Office were adjusted. The UNDP/Spain 'MDG Achievement Fund' also expanded to include thematic windows covering: gender; environment; culture and development; economic governance; youth; employment and migration; children, nutrition, and food security; and the private sector and development. A survey undertaken by the Fund found that 75 per cent of United Nations partners rated the programme formulation process 'positive', with 95 per cent rating the overall process 'fair and transparent'.

85. UNDP will continue to implement the vision expressed in its strategic plan and the commitments outlined in the management and accountability framework and implementation plan. That vision - a coherent United Nations development system led by an empowered resident coordinator and contributing to national development priorities – is even more critical given the challenges posed by the emerging global crises.

86. We will further strengthen the UNDAF in the roll-out countries, working to ensure alignment with national development priorities and drawing on the relevant expertise and resources of the United Nations development system to assist countries in addressing the impact of the crises. We will strengthen partnerships with United Nations organizations by: (a) identifying synergies and clarifying divisions of labour; (b) expanding civil society, private sector, and South-South platforms; and (c) strengthening cooperation with the international financial institutions, always with a view to responding effectively and coherently to national development priorities.

VI. Management results – achievements, challenges and priority actions

87. At this time of crisis and opportunity, UNDP reaffirms its commitment to attaining the management results outlined in its strategic plan and to building on the achievements outlined below to improve efficiency and effectiveness across its operations.

A. Accountability framework

88. The Executive Board has approved the UNDP accountability system, which comprises an accountability framework and an oversight policy. The framework underscores a commitment to results- and risk-based performance management, as well as to the values of accountability and transparency. The oversight policy clarifies how independent internal and external oversight provide assurance to the Executive Board and the Administrator on internal controls, including the efficient utilization of resources and adherence to professional and ethical standards.

89. The accountability system serves as the primary reference for performance standards and reporting. The present report thus represents one component of the accountability framework. Efforts are under way to strengthen the accountability system and promote a culture of accountability through systems, processes and people.

90. UNDP launched the online 'transparency initiative' to provide a clear and detailed online account of the organization's country office work for key stakeholders. As of February 2009, more than 90 per cent of country offices had posted detailed project and human resources information to their sites.

B. Enterprise risk management

91. The enterprise risk management system was implemented in the first quarter of 2008, integrating existing risk management tools and processes into a simple and comprehensive system. All performance targets related to the launch of enterprise risk management have been achieved includinghttp://content.undp.org/go/userguide/results-management---accountability/enterprise-risk-management/?lang=en - top the establishment of policies and procedures, training of staff, preparation of unit and corporate risk logs, and the establishment of a corporate enterprise risk management committee, chaired by the Associate Administrator. UNDP seeks to consolidate enterprise risk management, and will seek to strengthen links with the other strategic plan results and address the relationship between risk management, planning and budgeting.

92. Security performance targets for the strategic plan were based on: (a) progressive efforts to achieve greater compliance with minimum operating security standards compliance criteria in all operations; and (b) mainstreaming security risks into programming at all levels by 2009, coupled with an effective, timely security response mechanism for emergencies. To achieve those objectives, UNDP committed the resources approved in the 2008-2009 consolidated security budget and monitored individual country office compliance with security standards through the UNDP 'balanced scorecard'.

93. By the end of 2008, the number of countries that were fully compliant with the minimum operating security standards, or compliant with minor deficiencies, had reached 85 per cent, an 11 per cent increase from 2007. This is a significant achievement, since every change in a security situation requires a compliance update based on a new security risk assessment. All remaining situations are under scrutiny and involve consultations with host governments on temporary measures and options for long-term solutions for full compliance.

94. On the basis of the achievements acknowledged by the United Nations Board of Auditors, the management priorities identified for the 2006-2007 biennium and highlighted in the strategic plan have been reduced for the 2008-2009 biennium. The

revised list reflects current, new and emerging risks highlighted by the Board of Auditors and the Office of Audit and Investigations and responds to guidance provided by the Executive Board and the Audit Advisory Committee.

95. The recent 'unqualified' audit opinion on financial statements issued by the Board of Auditors confirms the efficacy of management initiatives addressing audit findings and related systemic issues. UNDP seeks a second 'unqualified' audit opinion for the biennium ending 31 December 2009.

96. At the inter-agency level, UNDP is working towards adoption of the International Public Sector Accounting Standards. To date, the impact analysis, business requirements and transition implications of all applicable Standards have been completed.

C. Integration of planning, budgeting, performance and human resource management

97. With the approval of the results-oriented biennial support budget, 2008-2009, resources were for the first time allocated to all units based on standardized, risk-informed and results-based work plans, aligned with the key results of the budget. Coordinated planning of management and development activities was facilitated by an online integrated results-based management platform with enhanced planning, monitoring and reporting facilities. In response to the *Evaluation of Results-Based Management* (UNDP Evaluation Office, 2007) and similar studies, attention is focused on building a culture of results-based management through oversight, training, policies, procedures and an updated *Handbook for Planning, Monitoring, and Evaluating for Results* informed by best practices. The integration of work planning, performance management and resource allocation will be a priority, applying lessons learned to enhance results-based management.

98. In response to decisions 2008/1 and 2007/18, UNDP will review and formulate its resource frameworks for consideration by the Executive Board. The central issues are cost classification and the gradual integration and simplification of funding arrangements. The objective is to introduce adjustments to the 2010-2011 budget and the programming arrangements at the second regular session 2009 of the Board.

99. A new human resources management strategy seeks to enhance the ability to attract, retain and develop talent through proactive workforce planning and management. Implementation of the strategy will match staff capacities and skills to UNDP requirements and address competency needs and succession planning. In line with General Assembly resolution 63/250, UNDP is prioritizing "the streamlining of contractual arrangements and the harmonizing of conditions of service".

100. With respect to gender parity, an improvement of 3 per cent has been achieved from 2007 to 2008 in the overall representation of women. Women now account for 42 per cent of international professionals (49 per cent for junior management, 38 per cent for middle-level, and 36 per cent for senior management). To support these efforts, a 'gender and diversity unit' and accountability mechanisms were established to monitor and report progress against gender parity goals by all business units.

D. Financial results in 2008[1]

Income

101. Financial contributions comprise 'regular' resources – allocated according to programming arrangements established by the Executive Board – and 'other' resources. Other resources include: (a) contributions from bilateral donors earmarked to themes, countries or specific activities; (b) multilateral and European Commission contributions earmarked to themes, countries or specific activities; and (c) local resources provided by programme countries for domestic development activities. Both regular and other resources form an integral part of the strategic plan.

102. The integrated financial resources framework of the strategic plan represents the overall UNDP funding target. The regular resource target approved by the Executive Board represents a consensus on the level of regular resources that is adequate to meet the objectives of the strategic plan. The targets for other resources represent an estimate of the total earmarked resources likely to be made available, mainly at the country level. The projections contained in the integrated financial resources framework reflect an ambition to address the increasing imbalance in the regular-to-other resources ratio.

103. While overall contributions to regular and other resources were – at $4.7 billion – approximately 6 per cent below the estimate of $5 billion set out in the strategic plan, contributions to regular resources amounted, as projected, to $1.1 billion in 2008. The top contributors to regular resources were Norway, Netherlands, Sweden, United States, United Kingdom, and Japan.

104. Contributions to other resources in 2008 reached $3.6 billion, approximately 7 per cent below the strategic plan estimate of $3.9 billion. Earmarked contributions from bilateral donors, at $1.35 billion, slightly exceeded the estimate of $1.3 billion. Earmarked contributions from multilateral partners and the European Commission, at $1.23 billion, were below the strategic plan target of $1.35 billion. Local resources provided by programme countries decreased more sharply than projected in the strategic plan (reaching $1.05 billion instead of $1.25 billion), which likely reflects the realignment of portfolios outlined in the strategic plan.

Expenditure

105. Overall expenditures, by major category, are presented in table 1, below, (and in more detail in annex 2). Programme expenditures totalled $4.1 billion, about 23 per cent of the four-year target of $18.0 billion. Expenditure in the 'management' and 'United Nations coordination' categories reached $0.44 billion and $0.11 billion respectively, representing 22 per cent of each of the four-year targets. As shown in table 2, the ratio of management expenditure over total expenditure, at 9.5 per cent, is below the strategic plan target ratio of 9.8 per cent.

106. Programme expenditure in 2008 included $0.6 billion funded from regular resources, which was spent primarily in least developed and low-income countries. Programme expenditures funded from other donor resources and local resources reached $2.4 billion and $1.1 billion, respectively.

[1] All amounts in this section are based on preliminary, unaudited financial data in the Atlas system. Unless otherwise stated, amounts are reflected in nominal terms.

Table 1 Expenditure by category of funding
(in billions of dollars)

Category of expenditure*	2008-2011 strategic plan target	2008 expenditure	Expense ratio
	(a)	*(b)*	*(c) = (b) / (a) * 100*
Programme	$18.0	$4.10	22.7%
Management	$2.0	$0.44	22%
United Nations coordination	$0.5	$0.11	22%

Table 2 Management expenditure ratio
(in billions of dollars)

Category	2008-2011 strategic plan target	2008 expenditure
Management expenses *(a)*	$2.0	$0.44
Total expenses *(b)*	$20.5	$4.65
Management expenditure ratio *(a / b) * 100*	9.8%	9.5%

* The 2008-2011 management and programme expenditure targets reflected in the above tables incorporate adjustments of $0.5 billion when compared to the targets for management and programme and related expenditure in the strategic plan in DP/2007/43/Rev.1. The strategic plan targets reflect a pending attribution of management development effectiveness costs to programme expenditure, in line with the practices of partner organizations.